

# State Liquor Dispensary

Analyst: Bybee

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2007 Total App</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Approp</b>	<b>FY 2009 Request</b>	<b>FY 2009 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	15,270,800	14,844,300	16,640,900	20,214,100	19,205,100
Percent Change:		(2.8%)	12.1%	21.5%	15.4%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	8,613,100	8,251,100	9,545,900	10,795,100	10,537,100
Operating Expenditures	3,975,000	3,872,600	4,411,900	4,848,900	4,613,900
Capital Outlay	2,682,700	2,720,600	2,683,100	4,570,100	4,054,100
<b>Total:</b>	<b>15,270,800</b>	<b>14,844,300</b>	<b>16,640,900</b>	<b>20,214,100</b>	<b>19,205,100</b>
Full-Time Positions (FTP)	180.00	180.00	193.00	213.00	197.00

## Division Description

The State Liquor Dispensary has the following general powers and duties:

(a) Regulation of Liquor Traffic: To permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor for purposes permitted by law.

(b) Traffic in Liquor: To buy, import, transport, store, sell, and deliver alcoholic liquor.

(c) Operation of Liquor Stores: To establish, maintain, and discontinue warehouses, state liquor stores and distribution stations.

(d) Acquisition of Real Estate: To acquire, buy, and lease real estate, and to improve and equip the same for the conduct of its business.

(e) Acquisition of Personal Property: To acquire, buy, and lease personal property necessary and convenient for the conduct of its business.

(f) Making Reports: To report to the Governor annually and at such other times as he may require, concerning the condition, management, and financial transactions of the dispensary.

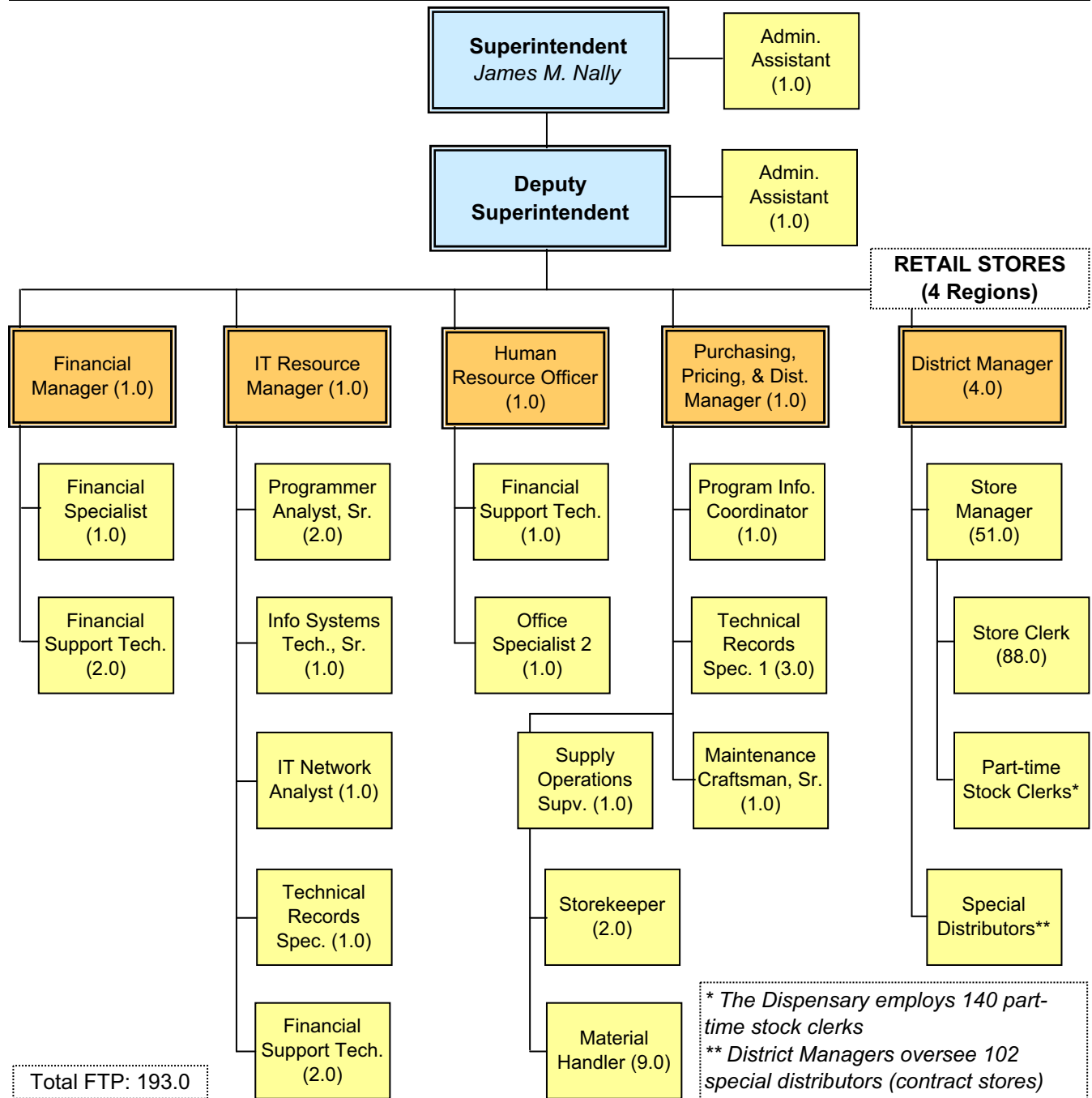
The Liquor Dispensary is charged with exercising its powers as to curtail the intemperate use of alcoholic beverages. It shall not attempt to stimulate the normal demands of temperate consumers of alcohol, irrespective of the effect on the revenue derived by the state from the resale of intoxicating liquor.

[Statutory Authority: Idaho Code §23-201 et seq.]

# State Liquor Dispensary Agency Profile

Analyst: Bybee

## Organizational Chart



# State Liquor Dispensary

## Agency Profile

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### Selected Measures

#### PROFIT DISTRIBUTION

##### Profits from liquor sales are distributed to the following funds:

Two percent (2%) surcharge distributed to the Drug and Family Court Services Fund.

\*\*Forty percent of profits (through FY2009, increasing by 2% annually to 50% in FY 2014) are distributed as follows:

Repay \$1.8 million annually to the cities and counties.

Annual fixed distributions totaling \$3,350,000 to Public Schools, Alcohol Treatment fund, Cooperative Welfare fund, and Community Colleges.

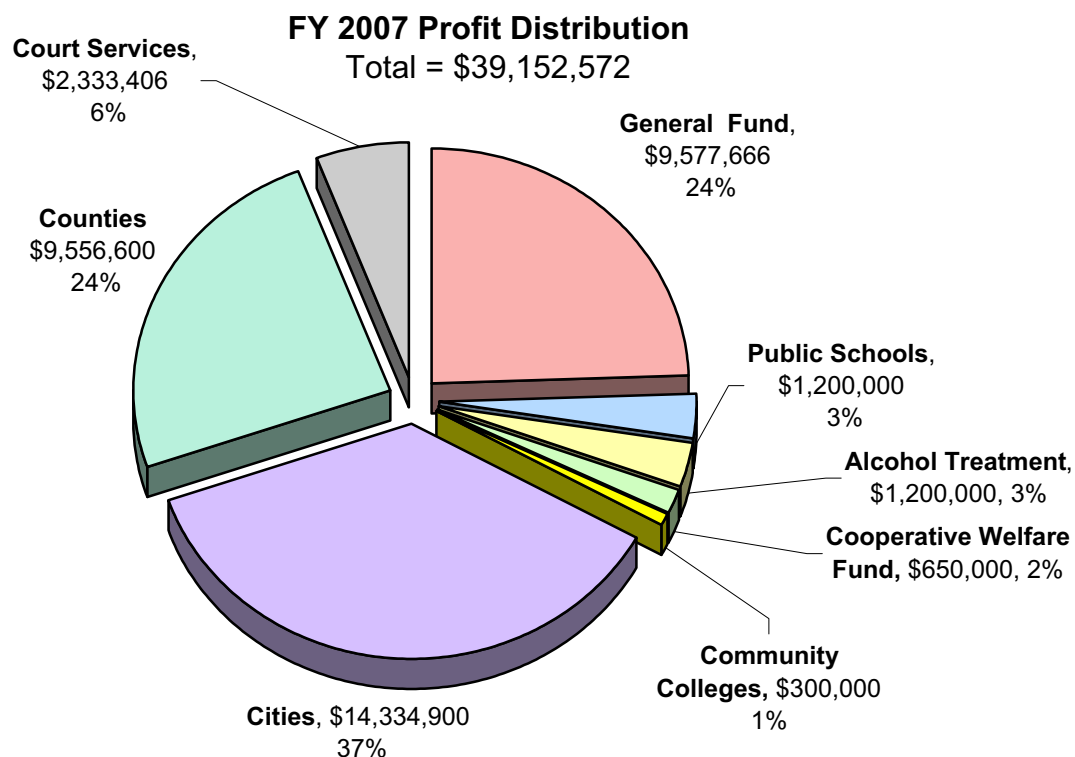
Annual fixed distributions beginning in FY 2008 total \$5,350,000 to Public Schools, Substance Abuse Treatment fund, Cooperative Welfare fund, Community Colleges and Mental Health Court Supervision fund (Substance Abuse Treatment fund replaces the Alcohol Treatment fund).

Remaining balance to the General Fund.

Sixty percent (60%) of profit distributed as follows:

- 60% Cities
  - 90% to cities with liquor stores, in proportion to sales
  - 10% to cities without liquor stores, in proportion to population
- 40% Counties, in proportion to sales

*\*\*The liquor revenue distribution formula was modified by Senate Bill 1388 in the 2006 Legislative Session: Cities and counties are to receive annual distributions of \$1.8 million from FY 2006 through FY 2009 to repay the one-time appropriation of \$7.2 million to the Water Resource Board Revolving Fund in FY 2005; and the 40/60 split between the state and local governments will adjust incrementally to a 50/50 split by 2014.*



# State Liquor Dispensary

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2008 Original Appropriation</b>	<b>193.00</b>	<b>0</b>	<b>16,640,900</b>	<b>193.00</b>	<b>0</b>	<b>16,640,900</b>
Removal of One-Time Expenditures	0.00	0	(2,808,100)	0.00	0	(2,808,100)
<b>FY 2009 Base</b>	<b>193.00</b>	<b>0</b>	<b>13,832,800</b>	<b>193.00</b>	<b>0</b>	<b>13,832,800</b>
Benefit Costs	0.00	0	439,000	0.00	0	439,000
Inflationary Adjustments	0.00	0	165,300	0.00	0	90,300
Replacement Items	0.00	0	653,200	0.00	0	671,200
Statewide Cost Allocation	0.00	0	28,500	0.00	0	28,500
Change in Employee Compensation	0.00	0	79,800	0.00	0	399,000
<b>FY 2009 Program Maintenance</b>	<b>193.00</b>	<b>0</b>	<b>15,198,600</b>	<b>193.00</b>	<b>0</b>	<b>15,460,800</b>
1. Warehouse Expansion and Improvements	0.00	0	3,245,400	0.00	0	3,245,400
2. Additional Staffing	14.00	0	453,600	0.00	0	0
3. Central Office Upgrade	0.00	0	500,000	0.00	0	0
4. Two Additional Stores	4.00	0	468,900	4.00	0	468,900
5. Additional IT Network Analyst	1.00	0	56,600	0.00	0	0
6. Business Contingency Plan	0.00	0	90,000	0.00	0	0
7. Alcohol Education Program Funding	0.00	0	50,000	0.00	0	0
8. New Merchandising Manager	1.00	0	121,000	0.00	0	0
9. Additional Warehouse Equipment	0.00	0	30,000	0.00	0	30,000
<b>FY 2009 Total</b>	<b>213.00</b>	<b>0</b>	<b>20,214,100</b>	<b>197.00</b>	<b>0</b>	<b>19,205,100</b>
Change from Original Appropriation	20.00	0	3,573,200	4.00	0	2,564,200
% Change from Original Appropriation			21.5%			15.4%

# State Liquor Dispensary

Analyst: Bybee

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2008 Original Appropriation</b>	193.00	0	16,640,900	0	16,640,900

## Removal of One-Time Expenditures

Remove funding provided for one-time items.

Agency Request	0.00	0	(2,808,100)	0	(2,808,100)
Governor's Recommendation	0.00	0	(2,808,100)	0	(2,808,100)

<b>FY 2009 Base</b>					
Agency Request	193.00	0	13,832,800	0	13,832,800
Governor's Recommendation	193.00	0	13,832,800	0	13,832,800

## Benefit Costs

Reflects \$2,075 per position or a 29% increase in employer-paid health insurance premiums from \$7,125 to \$9,200 per year. This increase is artificially inflated since the rates have been frozen for the last two years, with increases being covered from reserves.

Agency Request	0.00	0	439,000	0	439,000
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*The Governor recommends funding the employer increase in health insurance, and does not remove the funding for their PERSI rate increase that was included in the request. Recently, the PERSI Board voted not to increase the contribution rate for the upcoming fiscal year.*

Governor's Recommendation	0.00	0	439,000	0	439,000
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## Inflationary Adjustments

This increase represents a 4% net increase for inflationary adjustment, and 4.209% inflation increase for rent. This inflationary adjustment is arrived at by subtracting one-time funding and statewide allocation plan costs from the base and calculating a customized increase for all remaining operating costs.

Agency Request	0.00	0	165,300	0	165,300
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*Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.*

Governor's Recommendation	0.00	0	90,300	0	90,300
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## Replacement Items

Replacement items in capital outlay include \$48,200 for two vehicles; \$195,000 for four store re-locations; \$12,000 for a loading dock; \$315,000 for store re-models and updates; \$1,500 for 10 receipt printers; \$4,000 for a web server, \$20,000 for a disk backup; \$25,000 for a stock picker; \$20,000 for a floor vacuum-scrubber.

Replacement items in operating expenses include \$1,000 for VERITAS Back-up Exec; \$1,500 for Check-point Firewall system; \$3,300 for anti-virus program; \$500 for a router to Admin Network; \$1,700 for a dial-up router; \$4,500 for client licenses.

Agency Request	0.00	0	653,200	0	653,200
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*The Governor recommends \$18,000 additional funding for a statewide vehicle fleet management initiative to convert as many vehicles as possible to hybrid or other fuel efficient/low emission vehicles. These additional funds may only be used to implement the governor's Fossil Fuel/Greenhouse Gases Initiative. Any unspent funds appropriated for this purpose will be reverted at year end, regardless of funding source.*

Governor's Recommendation	0.00	0	671,200	0	671,200
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## Statewide Cost Allocation

This decision unit reflects statewide cost allocation for Attorney General fees, a reduction of \$14,700; risk management cost increase of \$11,400; State Controller's fees, an increase of \$32,200; and State Treasurer's fees, a reduction of \$400.

Agency Request	0.00	0	28,500	0	28,500
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Governor's Recommendation	0.00	0	28,500	0	28,500
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## Change in Employee Compensation

Agencies were instructed to input a CEC based on a 1% calculator.

Agency Request	0.00	0	79,800	0	79,800
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*The Governor recommends a compensation increase of 5% to be distributed based on merit.*

Governor's Recommendation	0.00	0	399,000	0	399,000
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# State Liquor Dispensary

Analyst: Bybee

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2009 Program Maintenance</b>					
Agency Request	193.00	0	15,198,600	0	15,198,600
Governor's Recommendation	193.00	0	15,460,800	0	15,460,800

## 1. Warehouse Expansion and Improvement

The Liquor Dispensary is requesting \$3,245,400 in one-time, dedicated funding for the third year of a three-year project to expand the existing Boise distribution center. The expansion is required to accommodate significant growth, improve the safety for warehouse crew members, better utilize existing space, and accommodate future growth. The agency estimates that the expanded facility will accommodate projected growth for the next 30 years.

Agency Request	0.00	0	3,245,400	0	3,245,400
Governor's Recommendation	0.00	0	3,245,400	0	3,245,400

## 2. Additional Staffing

The Liquor Dispensary requests funding for 14 FTP from ongoing, dedicated funding for liquor store clerk positions. The agency requests \$453,600 in total personnel costs. The agency states these clerk positions are necessary to help absorb increased workload. Sales have increased 65.2% since FY 2002 and are projected to increase 61.1% over the next five years. In addition, selected stores are now open for Sunday sales, creating an even greater burden on the current workforce.

Agency Request	14.00	0	453,600	0	453,600
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

## 3. Central Office Upgrade

The Liquor Dispensary is requesting \$500,000 one-time, dedicated funding for remodeling storage into office space. This space will provide facilities for training, meetings, administrative office space, visiting auditors and industry representatives. The remodel will include a conference room, employee lunch room, two bathrooms, six offices, and storage space for files and records.

Agency Request	0.00	0	500,000	0	500,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

## 4. Two Additional Stores

The Liquor Dispensary is requesting funding for two additional stores, with one store to be located in each of the following areas: Kuna and Meridian. The request includes \$153,200 ongoing personnel costs for four FTP, with one manager and one store clerk in each area. Ongoing operating expenditures of \$195,700 include store rent and operating leases, bankcard fees, utility costs, and other miscellaneous supplies and expenses. One-time capital outlay of \$120,000 is for furniture and computer equipment.

Agency Request	4.00	0	468,900	0	468,900
Governor's Recommendation	4.00	0	468,900	0	468,900

## 5. Additional IT Network Analyst

The Liquor Dispensary requests funding for one additional full-time position for IT and network maintenance. The agency states sales have impacted the way in which IT can respond to questions and concerns. In addition to tracking sales, the IT department is responsible for a new accounting system, a statewide DSL system including internet access, age verification, and credit card terminals in all state stores, and the new warehouse management system coming on-line as part of the current warehouse expansion project. This additional IT staff position will improve workload levels. The Dispensary requests \$56,600 ongoing personnel costs.

Agency Request	1.00	0	56,600	0	56,600
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

# State Liquor Dispensary

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>6. Business Contingency Plan</b>					
The agency requests \$90,000 one-time, dedicated funding for operating expenditures to develop and implement a business contingency plan. The agency states this plan would enable them to continue operations in the event of a disaster or other significant disruption of business. The creation of this plan will require consultants familiar with business contingency/disaster recovery planning.					
Agency Request	0.00	0	90,000	0	90,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>7. Alcohol Education Program Funding</b>					
The agency is requesting \$50,000 ongoing, dedicated funding to expand a program highlighting issues related to alcohol abuse into a comprehensive educational program emphasizing underage consumption, over-consumption, and DUI. Funding will be used to create advertising and be part of a statewide campaign.					
Agency Request	0.00	0	50,000	0	50,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>8. New Merchandising Manager</b>					
The Liquor Dispensary requests funding for one additional full-time position for a retail merchandising manager. This new position will coordinate overall brand and category education of store employees, sharpen the focus of sales efforts, and generally enhance revenues, profits, and customer service. The position will work under the supervision of the Deputy Superintendent and in conjunction with the Product Manager, District Managers and Store Managers. Listed in this request is \$34,000 one-time funding for an automobile and office equipment; \$67,000 ongoing personnel costs and \$20,000 ongoing operating expenditures.					
Agency Request	1.00	0	121,000	0	121,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>9. Additional Warehouse Equipment</b>					
The Liquor Dispensary is requesting \$30,000 one-time, dedicated funding to purchase additional warehouse equipment. The request includes \$15,000 for a cardboard recycle baler; and \$15,000 for a plastic recycle baler. The agency states these items will cut down on the amount of waste removed from the warehouse daily.					
Agency Request	0.00	0	30,000	0	30,000
Governor's Recommendation	0.00	0	30,000	0	30,000
<b>FY 2009 Total</b>					
Agency Request	213.00	0	20,214,100	0	20,214,100
Governor's Recommendation	197.00	0	19,205,100	0	19,205,100
Agency Request					
Change from Original App	20.00	0	3,573,200	0	3,573,200
% Change from Original App	10.4%		21.5%		21.5%
<i>Governor's Recommendation</i>					
Change from Original App	4.00	0	2,564,200	0	2,564,200
% Change from Original App	2.1%		15.4%		15.4%